INFORMATIONAL LETTER NO. 803

DATE: July 8, 2009

TO: Iowa Medicaid Physician, Podiatrist, Rural Health Clinic, Clinic, Community Mental Health, Family Planning, Ambulatory Surgical Center, Certified Nurse Midwife, Certified Registered Nurse Anesthetist, Federally Qualified Health Center, Nurse Practitioners, and Pharmacy Providers

ISSUED BY: Iowa Department of Human Services, Iowa Medicaid Enterprise

RE: Rebatable NDC requirement for Top 20 Multi-Source and All Single Source J-Code Drugs

EFFECTIVE: **February 1, 2009**

To comply with Centers for Medicare and Medicaid Services (CMS) requirements pursuant to the Federal Deficit Reduction Act (DRA) of 2005, the Iowa Medicaid Enterprise (IME) was obligated to reimburse only those top 20 drugs and single source drugs that are rebatable. In order to determine whether or not a drug was rebatable, the IME requires providers to report the National Drug Code (NDC) on all "J" code drugs administered in an office/clinic or other outpatient setting.

The IME has altered how it is processing the NDC for J-code drugs administered in outpatient settings. Effective with dates of service 2/1/09, the IME will only enforce the rebatable NDC requirement on single source and Top 20 Multi-Source drugs (consistent with the DRA). **In other words, multi source drugs that are <u>not</u> included in the "CMS Top 20 list" and which are submitted on claims to the IME will no longer deny (as non-rebatable).**

The IME will post the lists of: **1)** rebatable drugs; and **2)** all multi-source drugs not in the top 20 at: **http://www.ime.state.ia.us/Providers/DrugList.html**. If a drug is not included in either of these lists, then it is not payable by the IME.

Providers must still continue to include the NDC on all claims for J-code drugs. J-code drugs billed without an NDC will automatically deny due to lack of NDC. If you have any questions on how to include the NDC on claims, please refer to Informational Letters #563, #647, and #693.

<u>J Codes Used for "Devices" – EXEMPT FROM NDC REQUIREMENT</u>

There are a number of items considered by the FDA to be "devices" and ***<u>not</u>*** "drugs". These "device" items do ***<u>not</u>*** have an NDC number. Rather, the FDA's "Center for Devices and Radiological Health" assign these items a unique device identification number. However, these

items are still billed with J codes. As such, "device" items billed with J codes are not subject to the NDC requirement applicable to J code "drugs".

The following single source "device" J-codes are exempt from the "NDC" and, hence, rebate requirement:

- J7321 – Hyaluronan or derivative, for intra-articular injection, per dose (Hyalgan or Supartz)
- J7322 – Hyaluronan or derivative, for intra-articular injection, per dose (Synvisc)
- J7323 – Hyaluronan or derivative, for intra-articular injection, per dose (Euflexxa)
- J7324 – Hyaluronan or derivative, for intra-articular injection, per dose (Orthovisc)
- J2788 – Injection Rho D Immune Globulin
- J2790 – Rhogam
- J2791 – Rhogam
- J2792 – Rhogam
- J7311 – Retisert (an intravitreal implant)
- J7330 – Carticel (chondrocyte implant)

Skin Substitutes

- Q4106 – Dermagraft
- Q4101 – Apligraf
- Q4102, Q4103 – Oasis
- Q4104, Q4105 – Integra
- Q4107 – GRAFTJACKET
- Q4109 – TissueMend
- Q4110 – PriMatrix
- Q4111 – GammaGraft

Allografts (Injectible)

- Q4112 – Cymetra
- Q4113 – GRAFTJACKET
- Q4114 – Integra

The IME appreciates your partnership as we work together to serve the needs of the Iowa Medicaid members. If you have any questions, please contact IME Provider Services at 1-800-338-7909, locally (in Des Moines) at 515-725-1004 or by e-mail at imeproviderservices@dhs.state.ia.us.